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CZECHOSLOVAK STATE BANK LOANS MONEY TO "SELF-HELP" PROJECTS

[Comment: The following report gives information on "self-help" housing projects, as shown by Czechoslovak press items published between 18 September and 23 October 1953.

Numbers in parentheses refer to appended sources.]

On 21 September 1953, the Czechoslovak government made definite plans regarding the availability of state loans to persons wishing to build their own homes. These homes are planned mainly for employees of national and communal enterprises, members of type III and IV JZDs (Jednotne zemedelske druzstvo, Unified Agricultural Cooperative), and employees of central offices and their economic organs. Technical workers, innovators, improvers, winners of prizes for outstanding achievements, and State Prize winners will have priority. (1)

Specific quotas of permits for such houses have been assigned to several ministries. For example, the Ministry of Fuel and Power has been assigned 1,670 houses; the Ministry of Mines, 930, and the Ministry of Local Economy, 150. (2) The individual ministries will divide their quotas of houses among enterprises, factories, and economic organs under their jurisdiction. (1)

The contemplated state loan will not be paid to the applicants in cash, but the state bank will pay for construction materials and other expenses directly. (2)

Must Have 6,000 Crowns

An individual who has 6,000 crowns in ready cash or property, construction material worth that amount, or 6,000 crowns' worth of assets in these combined categories, can request a state loan. The state will loan such applicants up to 36,000 crowns, payable in 20 years, at 2.5 percent interest, to build their own homes.

- 1 -

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The government has instructed enterprise and factory managers, managers of departments and economic organs, and presidents of National Committees and JZD's to extend help to prospective home builders. Employees or cooperative members will receive assistance in selecting building sites, planning the construction in accordance with the requirements of the particular site, securing permits for the project, securing a loan, securing construction material, paying for the material, undertaking special construction work, etc. Factories and cooperatives will further aid home builders by furnishing transportation for the material to the construction site, helping in special work, and furnishing finished products (from seconds, waste, etc.) necessary for construction. The factories and cooperatives will be reimbursed by the government for this service. The National Committees will help home builders by inspecting suitable construction sites, and, in particular, sites covered by public investments. (1) Enterprises will permit free use of their technical resources and will charge only for actual expenses, such as the cost of transporting material. (2)

Given purchase of material at wholesale prices, free technical services by the enterprises and the active participation of the builder and members of his family, it has been estimated that construction cost, depending on the size of the project, will range from 40,000 to 70,000 crowns. (2) The builder will try to do as much of the work as he can himself or with the aid of relatives and friends, except for specialized tasks such as plumbing and electrical installation, metal work, etc., which will be taken care of by cooperative or commercial firms. (3) The state bank will retain one copy of the application and send one back to the enterprise management.

Procedures Outlined

An applicant for a loan must fill out and submit to his employing enterprise a special application blank in triplicate. (4) This form gives information on his financial and property resources and his current financial obligations. (2) The enterprise council then reviews and evaluates the application and, if it approves, fills out a form to that effect. The enterprise management also fills out an approval form. All three copies of the application and both approval forms are forwarded to the state bank, which will review the application within one week. The bank retains one copy, returns one to the applicant, and sends one back to the enterprise management.

The loan will be paid out in accordance with the progress of construction. The enterprise (economic organ or cooperative), together with the enterprise council and the state bank, will follow the progress of the construction project, insure the uninterrupted delivery of material, and keep an account of compensation payments made. The house must be completed as soon as possible within two years after the beginning of construction. The state bank will, in consultation with the enterprise council or the cooperative management, determine the size of the payments to be made on the loan. Size of payments may be changed by the state bank, but in no case may the 20-year payment period be extended. The applicant will begin making payments the month after he receives his residence permit. In case of delayed payment, the applicant must pay interest on the balance of the debt. He may, at any time, make an extra payment in any amount, on which the bank will allow a 2 percent discount.

The home builder will empower the management of the enterprise to set aside from his salary appropriate sums for meeting the payments. The loan will be secured by the house itself. The enterprise will deduct the payments and submit them to the state bank. The construction project must be insured by the home builder before construction begins. The builder may not sell or otherwise transfer ownership of the house before the loan is paid without the approval of the state bank and the enterprise management.

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If the home builder changes his employer, he must notify the state bank and his past employer of the name and location of the new employer. The former employer must also report a termination of employment. Then the home builder will empower his new employer to make the appropriate deductions from his salary for payments on the loan. (4)

#### Criteria for Site Locations

Location of sites for "self-help" houses will be determined by the kraj or okres committees. (3) The site should measure 600-800 square meters, which corresponds to the ground plan of 20 x 30-40 meters for a one-family house and 15 x 30-40 meters for a two-family house [sic]. The lot should face south, southeast, or southwest, should not have water below it, and should not slope more than 20 percent. (2) The location of the well and sewage system must be chosen very carefully, with due regard for nearby sewage systems. The type of basement selected is also an important factor in determining the cost. The difference in cost of a house with a partial basement and a house with no basement may vary from 8,000 to 10,000 crowns. (3)

A collective of workers from the Study and Standardization Institute of Stavoprojekt (Stavobni Ustav pro projektovani mest a sidlist, City Planning Institute) has worked out plans for model houses. (1, 3) The following are descriptions of two:

1. Model 120, one-story house, no attic, partial basement, three bedrooms, kitchen, and plumbing [bath]. Total maximum construction cost: 61,241 crowns.

2. Model 106, one-story house, no attic, no basement, with outhouse, two bedrooms and completely equipped kitchen. Total maximum construction cost: 52,030 crowns.

The other model home plans include a two-family house and a house with attic rooms. (5)

In addition, the Ministry of Construction has set up a contest for the best plans for "self-help" houses to be constructed principally from reinforced prefabricated concrete. This house must lend itself to erection with a minimum of technical supervision. It should consist of one floor with a partial basement and should utilize a floor space of about 55 to 60 square meters. The house should have two bedrooms, a small kitchen, a bathroom, and appurtenances (prislusenstvi). Prizes for submitting winning designs will be as follows: first prize, 6,000 crowns; second 3,000 crowns; and third, 1,000 crowns. (6)

Details of the government proclamation and instructions from the various participating ministries on financial, construction, legal, property, and technical details, are to be issued subsequently in the form of an information brochure entitled "The Individual Builder's Guide." (1)

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50X1-HUM

SOURCES

1. Prague, Lidova Demokracie, 24 Sep 53
2. Ibid., 29 Sep 53
3. Bratislava, Praca, 23 Oct 53
4. Ibid., 17 Oct 53
5. Prague, Svobodne Slovo, 3 Oct 53
6. Prace, 18 Sep 53

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50X1-HUM

- 4 -

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